

Abstract:

This thesis examines the existence of Baumol's cost disease in Czech regional opera theatres. The study is divided into a theoretical and an empirical section. The theoretical section deals with Baumol's concept of cost disease and its impacts on a theatre, externalities arising from a theatre's operations, public subsidies, demand for arts and ticket prices and their impact on the theatre's income. The empirical section analyzes the existence and scope of the cost disease in selected theatres (Divadlo J. K. Tyla in Pilsen, Severočeské divadlo in Usti nad Labem, and Jihočeské divadlo in Ceske Budejovice). The examination has revealed the presence of the cost disease in all the theatres; however, the scope and the impact of the cost disease differ significantly from theatre to theatre. On the basis of these findings, the study concludes that theatres may counteract the cost disease by offering an attractive theatrical product, which allows for a continuous increase in revenues from ticket sales.